



Canadian Agriculture and Agri-Food
Exporter's Guide to Opportunities
in the Middle East:
JORDAN



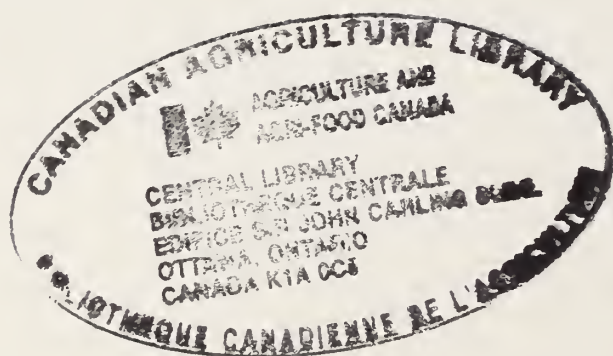
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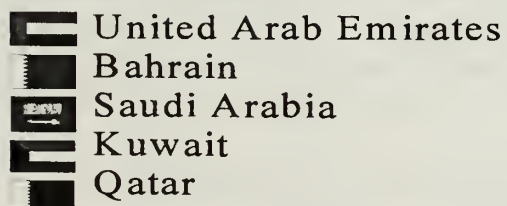


Canadian Business Development International
Presents:

Canadian Agriculture and Agri-Food
Exporter's Guide to Opportunities
in the Middle East:
JORDAN



OTHER AVAILABLE COUNTRIES IN THE STUDY



Canadian Business Development International (CBDI) has been contracted by the Market Industry Services Branch of Agriculture and Agri-Food Canada to provide an overview of the export opportunities and general guidelines for Canadian exporters of agriculture and agri-food products in the following 10 countries in the Middle East:

- | | |
|-----------------|-------------------------|
| 1) Saudi Arabia | 2) United Arab Emirates |
| 3) Bahrain | 4) Kuwait |
| 5) Oman | 6) Qatar |
| 7) Jordan | 8) Lebanon |
| 9) Syria | 10) Yemen |

The studies of the other nine countries are available from Agriculture and Agri-Food Canada. All reports are available in English and French.

The study is a collection of the best available government and private sector information from Canada and abroad. It is designed to provide the reader with a fully compiled and referenced single source for all of this material as well as a detailed analysis of secondary import and export statistics provided by Statistics Canada and the World Trade Database.

The information contained in this document has been reviewed by trade and commodity experts at Agriculture and Agri-Food Canada, Department of Foreign Affairs and International Trade, and Canada's posts in the countries, and has met with their approval.

For a comprehensive list of the sources used by CBDI and a directory of contacts for further information please see the Bibliographical Index and Contact Information sections at the end of the report.

EXECUTIVE SUMMARY

INTRODUCTION:

The Agriculture and Agri-Food Exporter's Guide to Opportunities in the Middle East is designed to provide the reader with a single source reference manual on the key elements and opportunities for exporting to ten countries in the Middle East. It is intended for use by Canadian agri-food exporters. Trade Commissioners and other government officials will also find it a useful source document for information requests.

This study is in a modular format, such that each country profile can act as stand-alone documents, detailing the relevant information for potential Canadian exporters.

The statistical data included in this document has been provided by Statistics Canada (for Canadian exports) and the World Trade Database (for country imports). Due to the time and recording differentials inherent in the two databases, Canadian export statistics are provided in Canadian dollars, up to 1995; whereas country import statistics are only available in US dollars up to 1994. This standard is consistent throughout the document.

POTENTIAL OPPORTUNITIES:

The Middle East is generally an arid region with limited land available for agricultural production. Irrigation methods are used, however, countries (specifically Saudi Arabia) are finding it more difficult to drill for fresh and usable water, resulting in a further reduction of productive capabilities. As such, the region tends to import a large amount of agriculture and agri-food products to support consumption demands. These imports range from US\$140 million (Qatar in 1994) to US\$4.1 billion (Saudi Arabia in 1994). Thus it is clear that the Middle East offers immense potential for Canadian agri-food exporters.

Key opportunities include:

- ◆ **Processed Food and Products: (HIGH)** There are extensive opportunities for value-added products in all ten countries covered by this study, however, Saudi Arabia, the UAE and Kuwait offer the best potential for growth.
- ◆ **Special Crops: (HIGH)** Canadian exports of special crops to the region have been increasing steadily over the past several years, with new opportunities emerging in chick peas and other pulses. Key markets are: the UAE, Saudi Arabia, Kuwait, and Syria.
- ◆ **Beverages: (HIGH)** Since most countries in the Middle East are predominantly Muslim, there is a high demand for non-alcoholic beverages. Canadian fruit and vegetable juices, carbonated flavoured water, and mineral water have the potential to do very well in the region. Bahrain, and the UAE in particular, offer a great deal of potential for alcoholic beverages as well.
- ◆ **Grains and Oilseeds: (HIGH)** Although Canadian exports of grains and oilseeds have tended to be either erratic or declining, there are significant opportunities for barley, wheat and canola oil and niche products in many countries, most notably Saudi Arabia and the UAE.
- ◆ **Eggs and Poultry: (MEDIUM)** There are promising opportunities for egg-type and broiler-type breeding chicks in Saudi Arabia, the UAE, Bahrain, and Yemen. As well, since pork is not consumed in most of the countries, poultry meat is generally a staple.
- ◆ **Livestock and Other Animal Products: (MEDIUM)** Despite rigorous import regulations, the Middle East is a large import market for live animals and meat products. Strong potential exists in the UAE, Saudi Arabia, Jordan, and Syria.

GENERAL CONSTRAINTS:

Many North American's perceive the Middle East to be too complicated a market to enter, despite the significant opportunities that await determined exporters. Although there are very real constraints to dealing with the Middle East, they are easily overcome with the right approach. Some of the more notable difficulties include:

- ◆ **Transportation Costs:** Due to the long distances, there are considerable costs involved in exporting goods to the Middle East. Furthermore, containerization is often a problem. Since Canada does not import enough products that require refrigerated or ventilated containers, exporters often find it costly to bring these specialized containers up from the US.
 - *Although these are real constraints, Canadian exporters may consider consolidating shipments to the Middle East to reduce costs and avoid partially empty containers from increasing shipping costs.*
- ◆ **Language and Cultural Barriers:** Unlike exporting to the US or Europe, the Middle East is a dramatically different environment in which to operate. There are very specific ways to conduct business which may seem foreign to many Canadian exporters.
 - *These barriers are easily overcome with frequent visits to the region. Also important is the selection of a good agent who can bridge the gap in culture and language for the exporter*
- ◆ **Strict Regulations:** The Middle East has a number of regulations that make exporting to the region complex and cumbersome. Most notably are the strict halal requirements for animal products and bilingual (and other) labelling requirements and production and expiry dates for all goods.
 - *The Canadian embassies in the region can help exporters understand and comply with these regulations, as well as assist in the selection of a good agent who will also help. This document also explains a number of the requirements for exporting to the region.*

It should also be noted that Canadian producers have an inherent advantage in meeting the labelling demands of the region, since they are already accustomed to printing bilingual labels for domestic use.

MARKETING TIPS:

Below are some suggestions for marketing Canadian products to the Middle East:

- ◆ If possible, visit the region. Face-to-face contact can be the difference between marketing success and failure. Bring product samples (where applicable) and be prepared to discuss price.
- ◆ Consider participating in major food shows in the area; for example, the Gulf Food Show in Dubai, UAE is an excellent way to meet potential customers from throughout the region and beyond.
- ◆ Eye-catching designs, logos, and colours that identify the product as Canadian may boost sales.
- ◆ Be ready to assist with shipping. If necessary, be ready to recommend a shipping company or directly arrange shipment and provide shipping costs.
- ◆ Be prepared to discuss marketing and advertising strategies. Gulf importers, in particular, are increasingly looking for advertising advice and assistance, especially with new-to-market products.
- ◆ Be aware that many importers will request exclusive agency agreements with suppliers. In many cases, local laws make it difficult to terminate an agency agreement, even with due cause. Thus selecting a good agent is particularly important.

REGIONAL INFORMATION

MARKETING:

The Middle East is a dynamic and diverse region with differences in the way business is conducted both within and between the various countries. However, there are some general rules for marketing products in the region.

- ◆ Face to face contact can significantly increase the chances of establishing successful business relations.
- ◆ Maintaining that relationship through frequent communications is equally important for success.
- ◆ The countries in the region are mostly cash markets, with substantial revenues from oil resources.
- ◆ Many of the countries have young populations, implying higher disposable income and expected growth in the future.
- ◆ The Gulf countries in particular have highly advanced agriculture and agri-food markets that tend to be very price competitive.
- ◆ The region has a strong knowledge and growing desire for Western products.

Key points to stress when selling products are:

- ◆ competitive price;
- ◆ Canadian origin; and
- ◆ the high-quality of the products.

Considerable emphasis should be placed on the role of these countries as possible markets for re-export of Canadian products. The port of Dubai in the United Arab Emirates (UAE) in particular, is a major re-export market, serving markets in other Gulf countries, Pakistan, Iran, and countries of the former Soviet Union (FSU). The Dubai World Trade Centre reported that Dubai imports approximately 70% of the UAE's consumable items, worth US\$1.9 billion per year. Around 70% of these imports are then re-exported. Approximately 20% of these re-exported goods go to Iran, which is Dubai's largest re-export market. Dubai's re-exports to FSU countries were US\$405 million in 1995, 27% of which was comprised of agricultural and agri-food products (not including equipment and chemical fertilizers). Azerbaijan is the leading market in the FSU for these re-exported goods.

Each country has specific, and often complex marketing regulations, such as labelling requirements and best before dates, that potential Canadian exporters should examine carefully before bringing their products to the region. For example, in Bahrain, baby food has an 18 month expiry period compared with a 12 month period in the UAE or Saudi Arabia. This example serves to highlight the importance of verifying each country's regulations before any sales are made. The Trade Annex that accompanies each country profile provides the details of many of these regulations.

It is strongly recommended by Migra's Canadian Exporters Guide (1995) that the term "**Persian Gulf**" should not be used on goods, documents, or letters for some destinations in this region. Anything so marked might be confiscated and destroyed by the Arab authorities. The term "**Arabian Gulf**" should be used.

PRICING:

Generally, it is recognized that shipping adds considerably to the cost of items manufactured in Canada, which can face stiff competition from Far Eastern and European suppliers. Thus pricing of products, particularly processed or semi-processed foods and beverages is particularly important. Many of the countries in the region are very price competitive markets, however, high Canadian quality goes a long way.

Moreover, exporters should consider the option of consolidating shipments of various products in order to reduce the burden of transportation costs, thereby making products more price competitive when they reach the markets.

Some of the countries in the region have strict policies with respect to pricing, while others have general norms that are followed by most exporters. Pricing policies are listed in the Annexes for each country.

RESTRICTED IMPORTS:

All imported beef and poultry products require a health certificate from the country of origin and a halal slaughter certificate issued by an approved Islamic centre in the country of origin ("halal" slaughter refers to animal slaughter performed according to Islamic law).

TRADE ARRANGEMENTS:

Gulf Cooperation Council (GCC):

The Gulf Cooperation Council (GCC) consists of six member countries (Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain, Qatar, and Oman). The GCC controls half of the proven oil reserves outside the former Soviet Union, and accounts for about 40% of all the oil moving in international trade. Created in 1981, the GCC tried to maintain the balance of power in the Gulf by strengthening multilateral cooperation in security and economic matters. The presidency of the GCC rotates yearly among the rulers of the member countries. The GCC is headquartered in Riyadh, Saudi Arabia.

As far as trade is concerned, the GCC is a loose confederation which serves only as a policy-coordinating forum for its members. It cannot impose trade policies upon its member states, thus each is free to pass and enforce its own trade laws.

In recent years there has been growing cooperation among GCC members on certain issues, such as:

- ◆ establishing standards;
- ◆ setting tariff ranges; and
- ◆ intellectual property protection.

There is also consideration being given to forming a customs union. Renewed work on a free trade area between the GCC and the EU is also pushing the six member states to closer coordination.

Arab Cooperation Council (ACC):

Jordan, Yemen, Egypt, and Iraq signed an agreement in February 1989, joining the countries in a new Arab economic bloc called the Arab Cooperation Council (ACC). The new community was designed to create a common market and encourage investment in joint projects. The goals of the association are to achieve economic integration in all production centres and coordinate the many areas including the economy, residence, travel, finance, industry, agriculture, transport, and communications.

Arab League Boycott of Israel

In 1994, the Arab League boycott of Israel was partially lifted. The original boycott was initiated in 1959 and stated that all products coming directly from Israel, through Israel, or containing inputs from Israel were banned from all Arab League countries. Moreover, trade with countries that also traded with Israel was restricted. The 1994 partial alleviation of the ban left only the primary ban on Israeli products intact.

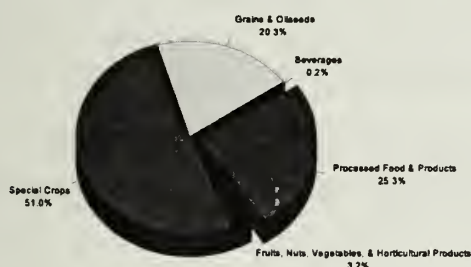


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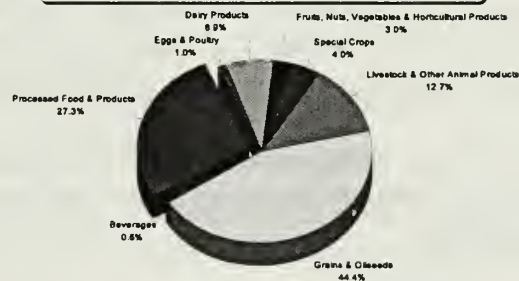


Official Name	Hashemite Kingdom of Jordan
Head of State	King Hussein Ibn Talal
Minister of Agriculture	Mustafa Shneikat
Language	Arabic (Official), French and English
Population (1995)	4.2 million
Currency	Jordanian Dinar (JD)
Real GDP Growth (1995)	6%
Gross Domestic Product (1995 Per Capita)	\$4,280
Consumer Price Inflation (1995)	3.5%
External Debt (1995)	\$5.9 billion
Principle Growth Sectors	Pharmaceuticals, Liquified Natural Gas, Transportation Infrastructure
Total Country Exports (1995)	\$1.6 billion
Total Country Imports (1995)	\$3.3 billion
Agri-Food Imports from the World (1995)	US\$858.3 million
Agri-Food Imports from Canada (1995)	CDN\$906,000

Canada's Agricultural Exports to Jordan 1995



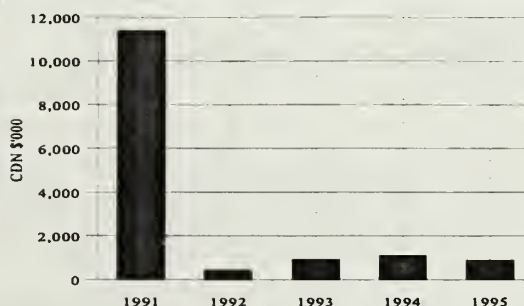
Jordan's Agricultural Imports 1994



CANADA'S AGRICULTURAL EXPORTS TO JORDAN

StatsCan : IN CDN \$'000	1991	1992	1993	1994	1995
Grains & Oilseeds	11,138	424	521	726	206
Livestock & Animal Products	0	0	0	0	0
Special Crops	306	12	436	260	519
Fruits, Nuts, & Vegetables	0	21	47	0	33
Dairy Products	0	0	0	0	0
Eggs & Poultry	0	0	0	82	0
Processed Food and Products	12	196	42	91	258
Beverages	0	0	0	0	2
TOTAL EXPORTS	11,417	459	943	1,122	906

Canada's Agricultural Exports to Jordan 1991 - 1995

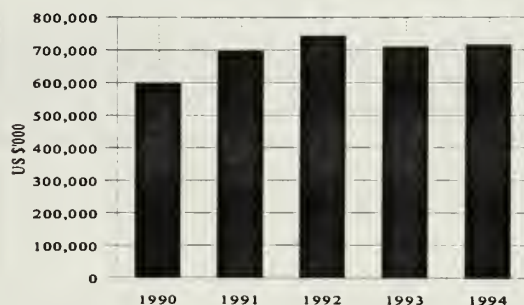


* Import and export totals may not match the sum of the commodities due to grouping and rounding procedures.

JORDAN'S TOTAL AGRICULTURAL IMPORTS

WTDB : IN US \$'000	1990	1991	1992	1993	1994
Grains & Oilseeds	292,636	288,041	284,046	311,220	317,746
Livestock & Animal Products	55,596	89,665	112,356	96,208	91,013
Special Crops	14,924	29,960	35,423	21,845	28,770
Fruits, Nuts, & Vegetables	26,940	32,132	29,502	22,176	21,447
Dairy Products	40,109	51,968	50,510	63,210	49,474
Eggs & Poultry	17,937	37,430	13,990	17,572	7,496
Processed Food and Products	144,585	158,197	212,647	171,537	195,416
Beverages	4,995	9,276	5,055	5,967	4,305
TOTAL IMPORTS	597,722	696,669	743,529	709,735	715,667

Jordan's Agricultural Imports From the World 1990 - 1995



JORDAN

BACKGROUND INFORMATION

Political Economy:

Jordan's economic is designed to encourage private sector activity in both, domestic production and export markets. The light manufacturing, agricultural, and construction sectors are noted for their high quality, and those areas have strong potential to penetrate the world market as long as these standards are maintained. Moreover, should peace continue in the region, Jordan will likely be one of the major beneficiaries of the inflow of foreign capital and investment. This is due, primarily to its Mediterranean port facilities, strong links with all Arab countries, and strategic position on a major east-west trade route.

Agriculture in Jordan:

Only about 6% of Jordan's current land area is cultivable. The Jordan "Valley" is the centre of Jordan's agriculture production, focussing primarily on tomatoes and cucumbers, eggplant, citrus fruits, melons, and cabbages. This region also produces bananas, potatoes, and onions using drip irrigation. Land in the valley has a high salinity and potassium chloride ratio requiring major consumption of peat moss, soil mix products, and fertilizers to ensure sustainability. Wheat, barley, lentils and chickpeas are grown in the rainfed land located in the centre and the north. Other crops include beans, vetches, sesame, and tobacco.

In 1994, agriculture contributed 8% to Jordan's GDP, significantly higher than its mid-1980s level of 6.9%. For the future, development of the agriculture sector will be constrained until severe water shortages are overcome.

Animal wealth represents 50% of gross agricultural value in Jordan. This sector has witnessed significant development during the past two years in poultry and egg production, allowing Jordan to become self-sufficient in both products. Jordan produces about 50% of its milk and 31% of its red meat requirements.

Agricultural Trade in Jordan:

Government policy focuses on increasing domestic agricultural production, particularly strategic commodities such as wheat, feedstuffs, and red meat, in an effort to reduce the growing dependence upon imported commodities. Despite this attempt at self-sufficiency, Jordan remains a large importer of agriculture and agri-food products. Jordanian imports of grain include wheat, barley, corn and rice. Jordan also imports meat and live animals, sugar, dairy products and oilseed products.

Jordan's agricultural imports peaked in 1992, at US\$743.5 million, and have since declined to US\$715.7 million in 1994. Despite the decline, this is still significantly higher than US\$600 million in imports in 1990. The United States has been the leading supplier of agricultural as well as non-agricultural commodities to Jordan for several years.

Canadian agriculture and agri-food exports to Jordan fell from their peak in 1991 of \$11.4 million to just over \$908,000 in 1995. This decline was due a drop in sales of barley and hard spring wheat flour over this period. On the other hand, processed food and beverages exports have increased since 1991.

EXISTING OPPORTUNITIES:

GRAINS AND OILSEEDS

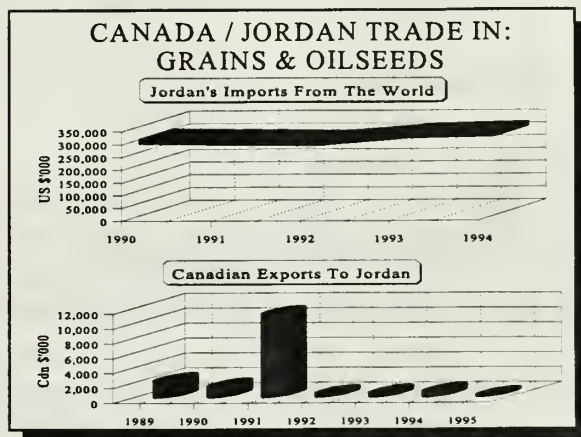
Market Characteristics:

Jordan's imports of grains and oilseeds have been slowly increasing since 1990; from US\$292.6 million to US\$317.7 million in 1994

- ♦ Jordan's imports of soybean oil doubled from US\$3.3 million in 1990 to US\$7.3 million in 1994.
- ♦ Fixed vegetable oils were the single largest imports of grains and oilseeds in 1994, having increased almost 400% since 1990, to US\$101.4 million.

Wheat is Jordan's largest crop in terms of land cultivated and represents only 10% of its annual consumption requirements. During Market Year (MY) 1995/96, wheat production is estimated at 45,900 tonnes, 45% lower than MY 1994/1995. During same period, Jordan imported 537,958 tonnes.

- ♦ Jordan's imports of wheat have fluctuated since 1990, affected by domestic production. 1994 imports were US\$72.9 million, down from US\$102 million in 1993.



Barley is the second most important grain crop produced in Jordan. Barley production in Jordan during 1995/1996 is projected at 43,850 tonnes, a reduction of 24% from 1994/1995. Barley imports during 1995/1996 totalled 582,200 tonnes.

- ♦ Barley imports have increased since 1990 (US\$25.7 million) to reach US\$43.7 million in 1994.

Export Opportunities:

Rainfall was less than normal during late 1995 and early 1996. Jordan will continue to import a large share of its grain needs to cover its annual requirements. Imports of barley, corn, and rice are expected to be at a similar level during 1996/1997.

Canadian exports of grains and oilseeds have tended to be erratic. They were at their highest in 1991, at \$11 million (\$9.8 million of which was barley), then fell to \$424,000 the following year. They recovered slightly in 1994, reaching \$726,000, but have fallen again in 1995 down to their lowest level in eight years at \$206,000. This fluctuation is mainly due to the availability of subsidies in Jordan for the purchase of grains from the US. The peak of exports in 1991 was the result of a Canadian grant to Jordan for the purchase of wheat. Current export levels are expected to remain stable in the absence of Canadian subsidies.

Constraints & Competitors:

Imports of wheat are forecast to be lower by 20% due to an expected decline in consumption following the implementation of the new subsidy regime. The principal competitors in this market are the US, other Middle Eastern countries, and the EU for grains.

- ♦ The US is the sole competitor in the wheat market.
- ♦ Barley imports are dominated by the US and Syria which accounted for US\$12.5 million and US\$31.2 million respectively in 1994.

- Malaysia, the EU, the US, and other Middle Eastern countries are the principal competitors for oilseeds.
- ◆ The fixed vegetable oils market is dominated by Malaysia which represented 80% of Jordan's imports in 1994. Other competitors include Saudi Arabia (US\$1.4 million), the US (US\$6.4 million) and Tunisia (US\$12.3 million).
 - ◆ The EU and Cyprus are virtually the only competitors for soybean oil imports.

SPECIAL CROPS

Market Characteristics:

Jordan's imports of special crops have fluctuated between US\$20 million and US\$30 million in the past four years, reaching US\$28 million in 1994, which is an increase of seven million dollars from the previous year.

- ◆ 40% of 1994 imports were made up of pulses (US\$10.9 million) and dehydrated vegetables (US\$183,000).
- ◆ Jordan's imports of cigarettes have decreased dramatically from US\$20 million in 1991 to US\$3.9 million in 1994. Stripped tobacco and manufactured tobacco, on the other hand, have increased significantly over the same period from US\$391,000 to US\$5.3 million and from US\$555,000 to US\$6.5 million respectively.

Export Opportunities:

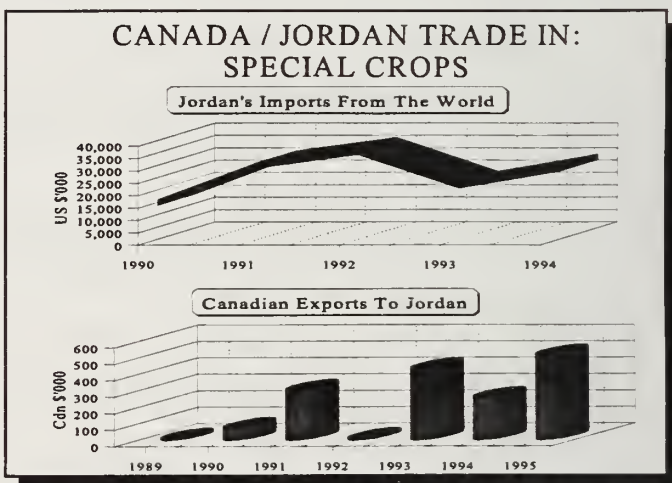
Canada's exports of special crops have increased over the past several years, reaching \$519,000 in 1995.

- ◆ The most notable increase has been in pulses which grew from \$0 in 1992 to over \$277,000 in 1995.
- ◆ Canary seed exports also jumped over this period, from \$12,000 in 1992 to \$191,000 in 1995.

The increase in exports of pulses helps to balance the decrease in tobacco and tobacco products exports from the \$200,000 mark in 1993 and 1994 to just over \$50,000 in 1995.

Constraints & Competitors:

The market for special crops, tobacco in particular, have not been showing strong growth on the import side. This may reflect the government's program of improving domestic production at the expense of imports. Principal competitors include Turkey, Australia, and Saudi Arabia for pulses, and the EU and the US for tobacco products.



PROCESSED FOOD AND PRODUCTS

Market Characteristics:

Jordan has a reasonably advanced market for value-added foodstuffs. Imports in this sector are second only to grains and oilseeds. Jordan imported US\$195.5 million worth of processed food and products in 1994, up from US\$144.6 million in 1990.

- ♦ Jordan's imports of baby food have been erratic since 1990 falling from over US\$7 million to around US\$4 million twice - from 1990 to 1991 and from 1993 to 1994.
- ♦ Chocolate and sugar confectionery imports both doubled from 1990 to 1994, reaching US\$3.7 million and US\$2.5 million respectively.
- ♦ Other significant imports in 1994 include other edible products and preparations (US\$17.2 million), and food wastes and prepared animal feeds (US\$20.7 million).

Export Opportunities:

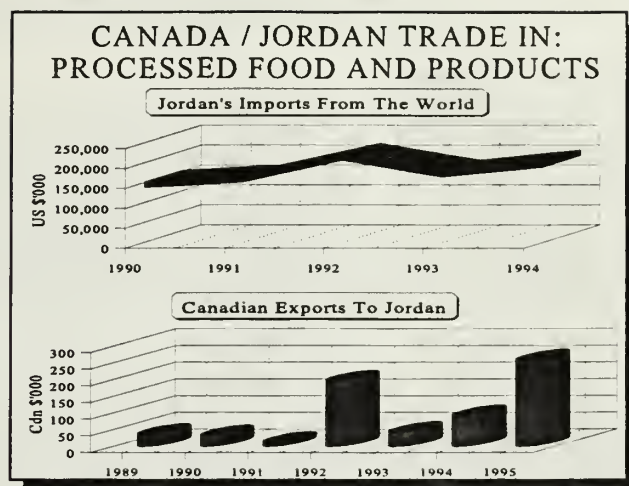
Canadian exports of processed food and products has increased significantly over the past several years, reaching almost \$260,000 in 1995.

- ♦ Growth has been substantial in baby food in 1995, increasing to \$110,680 from \$0 in previous years. Frozen french fries have also experienced similar growth rates, hitting almost \$84,000 in 1995, from nothing before then.

There is every indication that this trend will continue and expand to other processed food products.

Constraints & Competitors:

The principal competitors in this market, and in particular baby food market, are the EU and the US. Other competitors for processed food and products include Bulgaria, Turkey, China, other Middle Eastern countries, and Switzerland.



NEW AND EMERGING OPPORTUNITIES:

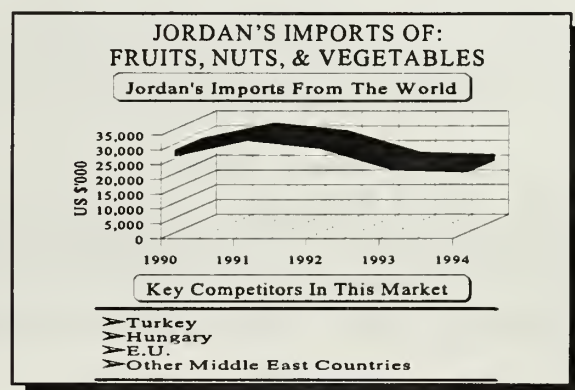
FRUITS, NUTS, & VEGETABLES

Market Dynamics:

Jordan's imports of fresh vegetables and fruits during 1995 were 54,300 tonnes (with vegetables and fruits comprising 27.3% and 72.7% respectively) against 26,500 tonnes in 1994. Major imported items during 1995 were oranges (29%), potatoes (17%), apples (14%), lemons (8%), onions (7%), grapes (7%), dates (5%), bananas (4%), and sage (2%). There is a potential market for Canadian exports of potatoes and apples.

Constraints & Competitors:

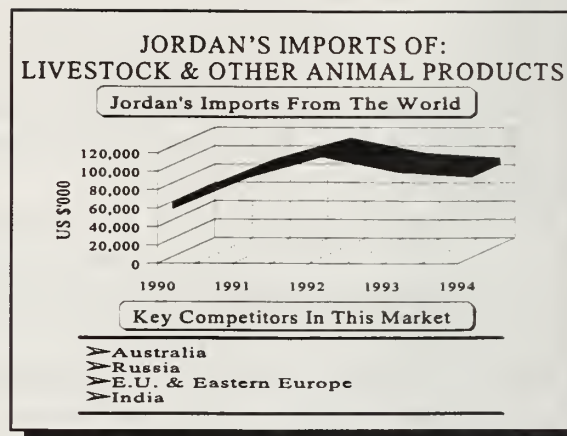
Principal competitors include Turkey, Hungary, the EU, and other Middle Eastern countries.



LIVESTOCK & OTHER ANIMAL PRODUCTS

Market Dynamics:

Raising livestock for both meat and dairy products continues to be an important aspect of Jordanian agricultural life. Despite a strong focus on domestic production, Jordan still imports a significant number of sheep (838,084 head in 1995), slaughtered chilled mutton (2355 tonnes in 1995), and other red meats. In fact, red meat represents 31% of the country's consumption, at 11 kgs per capita. In 1995, Jordan produced 16,811 tonnes of red meat and imported 15,194 tonnes of frozen beef meat, 6,226 tonnes of frozen mutton meat, and 3,511 fresh chilled beef meat. The Ministry of Supply tends to import frozen red meat mainly for sales to the military.



Total Imports of livestock and other animal products totalled US\$91 million in 1994, up from US\$55.6 million in 1990.

- ◆ Imports of live bovine animals increased from US\$13 million in 1990 to US\$16.8 million in 1994. Live sheep and goat imports doubled over this period to US\$22.8 million in 1994.
- ◆ Jordan's imports of bovine meat fluctuated between US\$15 million and US\$32 million from 1990 to 1994, resting at US\$23.2 million in 1994. The same trend can be seen in imports of sheep and goat meat (with imports ranging from US\$15 - US\$45 million), which reached US\$26.5 million in 1994.

Constraints & Competitors:

The principal competitors for sheep are Australia, Romania, Bulgaria, and Russia; and for red meats (including mutton): Russia, Romania, Kazekstan, India, and the EU.

INVESTMENT OPPORTUNITIES:

A new law, passed by the Jordanian government in September 1995, has eased the restrictions on direct foreign investment. The previous law required 51% Jordanian ownership of any business entity in the trade, transportation, and services sectors. The new law allows full foreign investment in all projects and sectors, removing maximum foreign share holding caps, and reducing minimum capital requirements. It states that foreign investors are to be treated the same as Jordanian investors. As well, investors now have the right to repatriate, in any foreign convertible currency, the capital, profits, and dividends.

Foreign companies are able to participate in public shareholding companies, provided that the approval of the Council of Ministers is obtained in advance. Investors may open branches in Jordan after they have obtained a contract. Foreign companies wishing to register a regional office in Jordan receive certain tax custom duties exemptions including the exemption of tax on the salaries of non-Jordanian employees. Regional offices are not allowed to undertake any commercial activity in Jordan.

ANNEX A: MARKETING INFORMATION

Background Information:

Jordan is one of the more promising emerging markets in the Middle East and the potential commercial importance of the country is reinforced by its strategic geographic position at the crossroads of three continents (Africa, Europe, and Asia). Thousands of local wholesalers, semi-wholesalers and retailers operate in Jordan. Canadian products must compete in an open trade environment with goods from all over the world. Price-competitiveness is an essential element for a successful export venture into the country.

Pricing:

Local importers base their product pricing on the export price, freight costs, applicable import tariffs and taxes, the sales tax and their profit margins. The profit margin on imported foodstuffs, which are price-controlled by the Ministry of Supply, is set at 17%, which includes 2% in administrative and storage expenses, 8% for the importer's profit, and 7% for the retailer's profit. The Minister of Supply has set the profit margin on imported tea products at 13%. Goods and services that are not subject to the Ministry price controls are left to market-based competitive pricing strategies. The profit margin on domestic goods is usually about 10-25% of the domestic manufacturers total costs.

Competition:

Jordanian businesses operate in a very competitive market that is swamped by products from around the world. Generous and flexible export terms and direct support to local business are the most common factors in establishing a successful presence in Jordan. Importers buy more products from countries whose companies give their local sales staff access to training and product orientation. Thus, the establishment of industrial and business joint ventures tends to be more effective in the Jordanian market than direct exporting.

Bilateral Trade Agreements:

Jordan is not a member in any regional or international free trade arrangement. It is negotiating with the European Union a partnership agreement for the establishment of free trade area by 2010. The Jordan-EU accord may be signed in 1996. Jordan will open discussions with the World Trade Organization's (WTO) Council and working bodies on membership in the WTO on October 20, 1996.

The GOJ has signed bilateral trade agreements with a large number of Arab, European and Asian countries as well as Israel. Jordan is in the process of gradually restoring relations with the Gulf States, which were interrupted due to the Gulf Crisis. Jordan and Saudi Arabia are now discussing a bilateral trade protocol, a sign of successful normalization of relations between the two countries.

As far as cross border trade, Jordan and Israel signed transportation, trade and agricultural agreements. Jordan and the Palestinian National Authority signed a bilateral agreement which went into effect late 1995.

Trade between Jordan and the United States is carried out in a free trade regime. There is no protocol between both countries.

ANNEX B: TRADE REGULATIONS

Import Licensing:

Import policy is determined by the Ministry of Industry and Trade, in cooperation with the Ministries of Finance, Supply, and Agriculture. Most products require import licenses. A fee of 5% of the cost and freight value is charged when an import license is issued.

The Ministry of Supply has a monopoly over the import of the following food products:

- Sugar, rice, lentils, wheat, cigarettes, frozen chickens, olive oil, wheat flour, alibua milk, and complete frozen lambs.

The Ministry must grant permission for importing and exporting the following products:

- Light and dark brown sugar in containers of not more than 500 grams, cookies, tea, macaroni, noodles, animal fodder (barley, broken wheat articles, and yellow corn), barley wheat for bread, yeast, butter, animal ghee, halawa tahina, yellow cheese, vegetable oil, fresh or frozen lamb and veal, livestock imported for farming or slaughtering, canned meat, cold cuts of all types, edible cereals (chick peas and bruised and crushed wheat), all cow and sheep products, all flour derivatives, canned powdered milk, canned aerated water, long-grain rice, and yogurt.

Credit and Payment Conditions:

- **Usual Terms:** Letter of credit are the dominant mode of payment (half of all imports), but sight draft and open account terms are often used by established customers.
- **Transfer Situation:** Local currency payments are generally prompt, with those made beyond due terms averaging only one month.

Customs Tariff:

Most imports into Jordan are subject to tariffs and import taxes. Import tariffs range between 5-45% on most commodities. For foodstuffs a laboratory report is required. A committee at the Aqaba and Amman customs centres, called "the Sampling committee", must authorize laboratory testing. The Committee includes representatives from the Ministries of Health, Supply, Agriculture, and the Department of Standards and Measures and Customs. According to customs officers, only the Aqaba Customs laboratory is capable of verifying the type and Composition of an imported product so that a customs tariff Number can be assigned, according to the international Harmonized Coding system. There are also a variety of penalties assigned for not having the correct import documentation.

Labelling Requirements:

Local businessmen may only import products which comply with the labelling and marking requirements issued by the Department of Standards and Measures and responsible government ministries. Different requirements govern the import of foodstuffs.

ANNEX C: LOGISTICS

Infrastructure in Jordan:

Jordan's road network, consisting of 8,000 km of surfaced roads, has improved dramatically during the last ten years. There are two major highways from the north border with Syria to Amman, continuing south to the port of Aqaba and southeast to Saudi Arabia, and upgraded or new highways going east from Amman to Iraq and west toward the West Bank and Israel. By-pass roads route long-distance trucking around Amman. Jordan's railway line is currently used only for transportation of phosphate rock from the mines to the port of Aqaba.

There are two international airports, Queen Alia International (QAI) near Amman and Aqaba airport. QAI was designed for three million passengers a year and is expected to accommodate 430,000 tonnes of air cargo by the year 2000. The Jordanian and Israeli governments are currently discussing expansion of the Aqaba Airport and its use by international flights destined for both Aqaba and Eilat, Israel's resort city on the Gulf of Aqaba. A study of the expansion project is being funded by the US trade development agency. Both airports are adjacent to major highways. Marka Airport, the old Amman Airport, is still used for executive jet charter services.

Entry and Warehousing:

Importers may clear their goods after examination, provided payment of fees and duties are made within one week of the clearance date. Importers must remove their goods from the port 45 days from the date of unloading. Any delays will subject the whole consignment to a fine of 25%, levied on the CIF value of the goods. The Jordanian government may also order the removal of the goods from the port area at the expense and responsibility of the owner. Food consignments and perishables must be delivered immediately to importers, but cannot be distributed until they are tested and certified fit for human consumption.

Key Ports of Entry:

The port of *Aqaba* is the principal port of entry into Jordan. It is modern and well-organized with separate sections for containers and bulk shipments. The port was built to accommodate 35 million tonnes per year. Prior to the Gulf War, 27 million tonnes of cargo passed through the port of Aqaba. This figure dropped to 11 million tonnes due to the Gulf War and subsequent UN sanctions against Iraq.

Under the peace treaty with Israel, in return for Israeli access to Aqaba, Jordan will be given access to the Israeli ports of *Haifa* and *Ashdod*.

Shipping Restrictions:

As of January 1981, ships older than 15 years are no longer allowed to dock at the Aqaba Port. Excluded from the directive are ships, regardless of age, transporting grain, fodder, or phosphates. Also included in the exemption are ships belonging to maritime companies for which Aqaba is a regular port of call.

Where goods are dispatched from countries where the Royal Jordanian Airline operates, its services must be used.

Free Trade Zones:

Jordan maintains free trade zones at Aqaba and at Zarqua. A third free zone under establishment is the joint Jordanian-Syrian facility on the border, near the railroad line that runs between the two countries.

Importer/Agency Agreements:

The Commercial Agents and Middlemen Law no. 44 of 1985 stipulates that no foreign firm may import goods into the country without appointing a registered agent. The agent's connection to the foreign company must be direct, without a sub-agent or intermediary. Except for the basic definitions stipulated in the Commercial Code, there are no regulations governing the contract between the foreign firm and the commercial agent.

BIBLIOGRAPHICAL INDEX - JORDAN

BACKGROUND INFORMATION:

Department of Foreign Affairs & International Trade

- “Doing Business in the Middle East” (September, 1996)

Agriculture and Agri-Food Canada

- “Agri-Food Overview of the Gulf States” (1996)

United States Department of Agriculture - Foreign Agricultural Service (USDA/FAS)

- Attache Reports
- Food Market Report

These information products provide a comprehensive review of the country's agricultural production characteristics, trade policies, and market issues. They are a valuable tool for any exporter in assessing the opportunities for agricultural exports to a given country or region. These reports (and others) can be accessed electronically via the internet at:

<http://ffas.usda.gov/ffas/markres.html>.

United States National Trade Databank

- International Trade Administration - “Country Commercial Guide”

The “Country Commercial Guides” offer the reader a broad analysis of the political/economic make-up of a country as well as a review of the economic trends and outlook for a number of industrial sectors.

EXPORT OPPORTUNITIES:

United States Department of Agriculture - Foreign Agricultural Service (USDA/FAS):

- Attache Reports

Statistics Canada

- Canadian Export Statistics (1988 - 1995)

World Trade Database

- Jordan's Import Statistics from the World (1990 - 1994)

ANNEXES:

Arab World Online (AWO)

One of the most used sites for this study, Arab World Online is an information source with direct access to virtually every aspect of the Arab world. AWO is a joint-venture between the National U.S.-Arab Chamber of Commerce (NUSACC) and Multitasking Online. This site provides general overviews on all the countries in the Study, as well as detailed marketing, trade, and logistics information. Notably, the **Halal Requirements** section of Annex B is taken directly from this site. It can be accessed via the Internet at: <http://www.awo.net>.

Arab Net

Arab Net is a web site that compiles a great deal of the relevant country and regional information available on the internet into one, easy to use, site. It can be accessed at: <http://www.arab.net>.

Dun & Bradstreet Exporter's Encyclopaedia (1995)

This is the single most often cited information product used in the Annexes. It provides a detailed guide to trade and logistical information for all of the countries in the study, as well as a variety of other useful information for exporters interested in the region.

Migra's Canadian Exporter's Guide.

One of the few private sector Canadian sources available, this guide offers some very detailed documentation requirements for the countries in the region.

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